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RUEHAS/AMEMBASSY ALGIERS PRIORITY 9261
RUEHAM/AMEMBASSY AMMAN PRIORITY 2614
RUEHAK/AMEMBASSY ANKARA PRIORITY 3347
RUEHLB/AMEMBASSY BEIRUT PRIORITY 2579
RUEHEG/AMEMBASSY CAIRO PRIORITY 0552
RUEHDM/AMEMBASSY DAMASCUS PRIORITY 3311
RUEHLO/AMEMBASSY LONDON PRIORITY 0184
RUEHFR/AMEMBASSY PARIS PRIORITY 0649
RUEHRB/AMEMBASSY RABAT PRIORITY 7244
RUEHRO/AMEMBASSY ROME PRIORITY 4666
RUEHRH/AMEMBASSY RIYADH PRIORITY 9579
RUEHTU/AMEMBASSY TUNIS PRIORITY 3743
RUCNDT/USMISSION USUN NEW YORK PRIORITY 5686
RUEHJM/AMCONSUL JERUSALEM PRIORITY 7564
RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY
RHMFISS/COMSOEUR VAIHINGEN GE PRIORITY
RHMFIUU/COMSIXTHFLT PRIORITY

UNCLAS TEL AVIV 002391

SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XOXO
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

SIPDIS
E.O. 12958: N/A
TAGS: OPRC KMDR IS

SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key Stories in the Media:

Leading media reported that Secretary Rice visited the West Bank on Thursday. Maariv reported that Rice announced in Ramallah that the U.S. will give USD 80 million to PA Chairman Abu Mazen for upgrading

the security services.

Makor Rishon-Hatzofe reported that Secretary Rice told PA Chairman Abbas that PM Olmert agreed to put the "core issues" on the negotiation table.

Yediot reported that the pardon deal for wanted Palestinian activists is near collapse. The paper quoted security officials as saying that it does not appear possible to carry out this goodwill gesture for the foreseeable future as PA Chairman Abbas is having difficulty exercising his authority and persuading the wanted men to meet Israel's conditions.

Maariv reported that the Syrian army is training in guerilla warfare using Hizbulah their example. This includes firing Katyusha rockets. The newspaper added that this is the first time in the world that a regular army has trained regular forces on a significant scale to operate as a guerrilla force. The new guerrilla unit will operate as an integral part of the Syrian army.

All media reported that tension between members of the Winograd committee and PM Olmert is growing. According to Yediot the committee is refusing to let Olmert see transcripts of testimonies it collected.

Maariv reported that differences between PM Olmert and Defense Minister Barak are intensifying. The newspaper added that on cardinal security and foreign policy issues, the two find themselves on different sides.

Leading media reported that the conflict between Hamas and Islamic Jihad is growing and that three people were killed and seven more wounded in violent clashes between the factions.

Israel Radio reported that two Qassam rockets were launched towards Sderot. One person was lightly injured and some property damage was reported.

Mideast:

Summary:

Diplomatic correspondent Aluf Benn and Washington correspondent Shmuel Rosner wrote in the independent, left-leaning Ha'aretz: "It is obvious to everyone involved that Riyadh's presence will be crucial to the conference's success; the Saudi presence will upgrade it beyond another standard encounter between Israel and its immediate neighbors, and will indicate the revival of the political process with the support of the Sunni 'axis of moderation.'"

Columnist Meron Benvenisti wrote in the independent, left-leaning Ha'aretz: "The clear formulations of those who head the Palestinian Authority leave no room for doubt: The circular path of time that characterizes this conflict has completed another circuit. We are at the start of a 'peace process' like the one that occurred from 1993-2001."

Diplomatic correspondent Dov Kontorer wrote in conservative Russian-language Vesty: "This [international peace conference] is expected to create a 'positive counterbalance' to the obvious failure of American policy in Iraq and the inability of the White House to stop nuclear weapon production in Iran."

Block Quotes:

I. "Hurrah, The Saudis are Coming"

Diplomatic correspondent Aluf Benn and Washington correspondent Shmuel Rosner wrote in the independent, left-leaning Ha'aretz (08/03): "After a series of frustrating visits to the region, which were characterized by unpleasant talks with Prime Minister Ehud Olmert, Rice arrived in Jerusalem on Wednesday with an achievement: an initial agreement by Saudi Arabia to take part in the peace

conference ... President Bush wants to convene this fall. It is obvious to everyone involved that Riyadh's presence will be crucial to the conference's success; the Saudi presence will upgrade it beyond another standard encounter between Israel and its immediate neighbors, and will indicate the revival of the political process with the support of the Sunni 'axis of moderation.'.... The indirect messages Rice conveyed between Olmert and King Abdullah did not go beyond the conventional in Israel's relations with the Arab world. As always, the Arabs want to discuss essence, whereas the Israelis are more interested in a photo-op. In exchange for their participation in the conference, the Saudis want to discuss the 'core issues'.... In response, Olmert said that the Persian Gulf representatives would have to hold political status and not be made up of junior officials or ambassadors. The Saudis want to show that they are looking after the Palestinians; Olmert is getting ready for the expected criticism from the right.... The question is whether there will also be a handshake, and how much that will cost Israel.

II. "Deja Vu"

Columnist Meron Benvenisti wrote in the independent, left-leaning Ha'aretz (08/03): "It is hard to get over the feeling of Deja vu when facing the current political arena and public discourse.... After years of bloodshed that has brought the Palestinians only terrible disaster, Prime Minister Salam Fayad is returning to the formulas that his teacher and spiritual mentor Yasser Arafat declaimed when he was on the skids after the first Gulf War and was in desperate need of American aid.... It is possible to dismiss the value of statements from a weakened Palestinian government that needs all the help it can get from the Americans, and also from the occupying side. However, the clear formulations of those who head the Palestinian Authority leave no room for doubt: The circular path of time that characterizes this conflict has completed another circuit. We are at the start of a 'peace process' like the one that occurred from 1993-2001 and all concerned will shake the dust off the messages of Oslo and its addenda.... What has been is not necessarily what will be, and the current 'process' will not necessarily end the way its predecessor did, in a new intifada.... The process of crushing the Palestinian people is pulling into its last station."

III. "We'll Meet in October"

Diplomatic correspondent Dov Kontorer wrote in conservative Russian-language Vesty (08/02): "U.S. Secretary of State Condoleezza Rice arrived in Jerusalem on August 1 and immediately started negotiations with Israeli officials.... The US initiative to (mediate) ... an [international] conference between Israeli and Palestinian leaders with participation of several Arab countries from the region is the [main] focus of current discussions.... President Bush's initiative suggests conducting an international Middle East Conference in this format guarantees the U.S. a dominant position in the political process in the region. This [international peace conference] is expected to create a 'positive counterbalance' to the obvious failure of American policy in Iraq and the inability of the White House to stop nuclear weapon production in Iran."

JONES